BRITISH COLUMBIA
CANADA

Small Business Profile
2013

BRITISH COLUMBIA
Ministry of
Jobs, Tourism
and Skills Training

BRITISH COLUMBIA
BC Stats

SMALL BUSINESS PROFILE 2013

A profile of small business in British Columbia

Information on programs and services for small businesses can be obtained by contacting:

Small Business BC
601 West Cordova St.
Vancouver, B.C. V6B 1G1
Telephone: 604.775.5525
Toll Free: 1.800.667.2272
Internet: www.smallbusinessbc.ca

Statistics related to small business are available at:

BC Stats
553 Superior St.
Box 9410 Stn Prov Govt
Victoria, B.C. V8W 9V1
Telephone: 250.387.0327
Internet: www.bcstats.gov.bc.ca

Information on provincial government programs and services can be found at:

Ministry of Jobs, Tourism and Skills Training
Small Business Branch
Box 9822 Stn Prov Govt
Victoria, B.C. V8W 9N3
Telephone: 250.387.4699
Fax: 250.925.0113
Internet: www.gov.bc.ca/jtst/

This publication is also available electronically on the following websites:
www.bcstats.gov.bc.ca
www.resourcecentre.gov.bc.ca/pdf/SB_Profile_2013.pdf

www.resourcecentre.gov.bc.ca/m/sbp2013/index.html

CONTENTS

Preface 1
Success Stories 2
Highlights 3
1 | Small Business Growth 4
2 | Small Business Employment 12
3 | Profile of Self-Employed in British Columbia 16
4 | Contribution to the Economy 20
5 | Small Business Exporters 23
Technical Notes 27
Appendices 28

PREFACE

Small Business Profile 2013: A Profile of Small Business in British Columbia is an update of previous versions published annually since 1997. The 2013 report reflects data from 2011 and 2012, the most recent years for which data are available. This report is designed to answer some common questions about the role of small business in British Columbia through an examination of trends in growth. Where possible, it also makes comparisons with other provinces. Key indicators examined in this report include the number of businesses, employment and earnings, contribution to the economy, industry distribution, regional details, and the role of small business exporters.

Statistical information in this report was prepared by BC Stats using data provided by Statistics Canada from various statistical databases, such as the Business Register, the Survey of Employment, Payrolls and Hours, the Labour Force Survey and the Exporter Registry.

Small Business Profile 2013 is produced by the British Columbia provincial government. The report was prepared by BC Stats in the Ministry of Technology, Innovation and Citizens' Services in partnership with the Ministry of Jobs, Tourism and Skills Training.

Small Business Success – the BC Small Business Accord

For the past 17 years, the Small Business Profile has reported on the small business climate in British Columbia using measures such as small business growth, employment and Gross Domestic Product. Small businesses represent 98 per cent of all businesses in the province and are a major contributor of employment, economic and trade activity.

In 2013, with input from the small business community, the Government of British Columbia created the BC Small Business Accord. As a complement to the statistics, the following page of the report showcases three successful small business owners who helped to establish the BC Small Business Accord through their participation in developing a set of six principles to improve government interactions with small business and ensure government initiatives and services consider the needs of small business.

To learn more about the Small Business Accord, visit www.jtst.gov.bc.ca/sbaccord/

SUCCESS STORIES

Lapointe Engineering Ltd. (Kitimat)

In 1980, Robin Lapointe returned to his roots to start the first engineering consulting firm in Kitimat. In 1986, Lapointe Engineering Ltd. was incorporated and now employs a staff of 42 uniquely positioned to work on the proposed LNG projects in the region.

"I enjoy playing golf and someone once told me that anyone can play golf from the fairway, it is what you do in the rough that counts. I believe this applies to life itself."
— Robin Lapointe, president, Lapointe Engineering Ltd.

To read more about Lapointe Engineering, visit www.jtst.gov.bc.ca/sbaccord/success_stories/s1.html

yoyomama.ca (Lower Mainland)

Six years ago, a B.C. mother of two young girls found herself at a loss to find information for the kids, so in 2007, Annemarie Tempelman-Kluit founded a business that has saved thousands of mothers time and energy. Don't know where to take the kids? It's yoyomama time.

"It's great to have a vision of what you want to create, but you have to listen to what your audience wants and know the mediums by which they want it delivered."
— Annemarie Tempelman-Kluit, editor-in-chief, yoyomama.ca

To read more about yoyomama.ca, visit www.jtst.gov.bc.ca/sbaccord/success_stories/s2.html

EDI Environmental Dynamics Inc. (Prince George)

EDI Environmental Dynamics Inc., began its environmental assessment and management work in 1994 in Prince George. With the loss of forestry-related work late in that decade, this group of passionate biologists and technologists turned its attention to other facets of the natural-resource sector.

"We have a great team that gets along well. We have respect for each other and understand what can be achieved when we work together."
— EDI Environmental Dynamics Inc., president Bob Redden

To read more about EDI Environmental Dynamics, visit www.jtst.gov.bc.ca/sbaccord/success_stories/s3.html

To read more success stories, visit www.jtst.gov.bc.ca/sbaccord/success_stories/

HIGHLIGHTS

Small Business – There were approximately 385,900 small businesses operating in British Columbia in 2012, accounting for 98 per cent of all businesses in the province. About 82 per cent of these small businesses were micro-businesses with fewer than five employees.

Small Businesses Per Capita – With 83.5 small businesses per 1,000 people, British Columbia ranked first in the country in terms of small businesses per capita in 2012. The national average was 69.0.

Regional Focus – At 5.3 per cent, the Thompson-Okanagan region recorded the fastest net growth in the number of small businesses between 2007 and 2012.

Employment – There were an estimated 1,032,700 people employed by small business in British Columbia in 2012. These jobs accounted for 55 per cent of private-sector employment in the province, ranking British Columbia second in the country, slightly behind Prince Edward Island, where small business employment represented just over 56 per cent of private-sector employment.

Employment Growth – Between 2011 and 2012, small business employment in British Columbia grew by 0.4 per cent, slightly faster than the national rate of 0.2 per cent.

Industry – The accommodation and food services industry was the largest provider of new small business jobs in British Columbia between 2007 and 2012. Employment in this industry climbed 5.2 per cent, creating approximately 4,600 new jobs over the five-year period.

Self-Employed – On average, the self-employed tend to be older, are more often men and are more likely to work longer hours than paid employees. Approximately 38 per cent of the self-employed in British Columbia are women, above the national average.

Gross Domestic Product – British Columbia's small businesses generated approximately 26 per cent of the province's gross domestic product in 2012, compared to the national average of 25 per cent.

Earnings – In 2012, small business provided 31 per cent of all wages paid to workers in British Columbia, the highest share of all provinces.

Exports – British Columbia's small businesses shipped approximately $12.2 billion worth of merchandise to international destinations in 2011, accounting for almost 42 per cent of the total value of goods exported from the province.

BREAKDOWN OF BUSINESSES IN BRITISH COLUMBIA, 2012

	Number of Businesses	Per cent of total
TOTAL SMALL BUSINESSES	**385,900**	**98%**
Self-employed without paid help[3]	216,800	55%
Businesses with less than 50 employees	169,100	43%
TOTAL LARGE BUSINESSES	**6,900**	**2%**
TOTAL ALL BUSINESSES	**392,800**	**100%**

[3] Unincorporated self-employed persons without paid help. In this figure, to avoid double-counting, they are already included in the count of businesses with fewer than 50 employees.

Source: BC Stats using data supplied by Statistics Canada.

NUMBER OF SELF-EMPLOYED BUSINESS OWNERS IN BRITISH COLUMBIA, 2012

	With paid help	Without paid help	Total	Per cent
Incorporated	92,400	73,800	166,200	40%
Unincorporated	33,900	216,800	250,700	60%
TOTAL SELF-EMPLOYMENT	**126,300**	**290,600**	**416,900**	**100%**

Source: Statistics Canada. Prepared by BC Stats.

For more information on incorporation, please see chapter 3.

1 | SMALL BUSINESS GROWTH

The small business sector continues to play a fundamental role as a key instrument of job creation and economic growth in British Columbia. It is the primary provider of private-sector jobs in the province, reflecting an important and ongoing trend toward economic diversification within the provincial economy. Small Business is also a vital source of innovation; for example, nearly all (approximately 96 per cent in 2012) of high technology businesses in British Columbia are small businesses.

Given its impact on the provincial economy, it is important to monitor the performance of the small business sector. Measures such as business counts, employment, GDP and revenues are useful indicators that offer an objective view of the size and health of the sector.

What is a small business?

Although there are a number of different ways a small business can be defined, the most commonly used definition focuses on the number of employees. In British Columbia, a small business is defined as one with fewer than 50 employees, or a business operated by a person who is self-employed, without paid help.

How many businesses operate in British Columbia and is that number growing?

There were 392,800 businesses operating in British Columbia in 2012. Of those, 385,900, or 98 per cent, were small businesses. More than half (55 per cent) of all businesses in the province were run by self-employed individuals with no paid help. By comparison, 54 per cent of all Canadian businesses were operated by entrepreneurs with no employees.

The total number of small businesses operating in the province inched up 0.2 per cent between 2011 and 2012. The slight increase was entirely due to a 1.1 per cent rise in the number of small businesses with employees, which offset a 0.5 per cent decrease in self-employed unincorporated small businesses with no paid help. In the years following the onset of the global economic downturn, as the economy showed signs of stabilizing, some self-employed British Columbians have returned to the employee workforce, resulting in a decline in self-employment numbers.

A business is defined as a small business if it is either:

- A business with fewer than 50 employees
- A business operated by a self-employed person with no paid help

A *micro-business* is defined as a small business with fewer than five employees.

Incorporated Businesses

Incorporated businesses consist of those organized and maintained as legal corporations. A corporation is created (incorporated) by one or more shareholders who have ownership of the corporation, represented by their holding of common stock.

Self-employed

Self-employed individuals are defined as individuals who spend most of their working hours operating their own businesses. The self-employed can be categorized as either *incorporated* or *unincorporated*.

Each of these classifications can be further divided between those operating *with paid help* (i.e., with employees) or *without paid help* (i.e., working by themselves). This produces four major categories of self-employed workers.

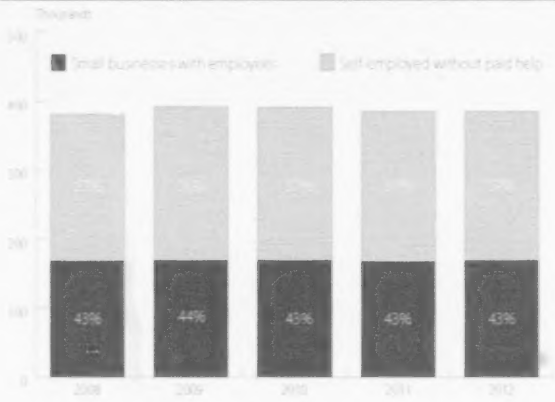
Unincorporated Businesses

Unincorporated businesses consist of those not organized and maintained as legal corporations, and wherein the tie between members need not be a legally enforceable contract.

While small businesses saw a slight boost in number in 2012, the large business sector (50 or more paid employees) fared even better, surging by 7.1 per cent, ending three consecutive years of decline.

FIGURE 1.1

NUMBER OF SMALL BUSINESS IN BRITISH COLUMBIA, 2008-2012



Source: BC Stats using data supplied by Statistics Canada

What is the size distribution of small businesses?

By far, most of the small businesses in British Columbia are classified as micro-businesses: those with fewer than five employees. There were 316,300 businesses fitting this description in 2012, accounting for 82 per cent of the province's small businesses. Fifty-six per cent of small businesses consisted of self-employed persons without paid help, while just over a quarter (26 per cent) was made up of those with one to four employees. Businesses with five or more employees represented less than 20 per cent of the province's small businesses.

FIGURE 1.2

SIZE DISTRIBUTION OF SMALL BUSINESS IN BRITISH COLUMBIA, 2012

	Number of Businesses	Per cent of total
TOTAL BUSINESSES WITH 0 TO 4 EMPLOYEES	316,300	82%
Self-employed without paid help[1]	216,800	56%
Businesses with 1 to 4 employees	99,500	26%
BUSINESSES WITH 5 TO 9 EMPLOYEES	35,100	9%
BUSINESSES WITH 10 TO 19 EMPLOYEES	21,200	5%
BUSINESSES WITH 20 TO 49 EMPLOYEES	13,200	3%
TOTAL SMALL BUSINESSES	**385,900**	**100%**

Note: Figures do not add due to rounding.

1 Self-employed with employees are not included in this figure to avoid double-counting, since they are already included in the count of businesses with fewer than 50 employees.

Source: BC Stats using data supplied by Statistics Canada

Between 2007 and 2012, the number of small businesses in the province expanded by 0.8 per cent. The growth over this period was attributable to a 2.9 per cent jump in 2009, along with the 0.2 per cent increase recorded in 2012. There was a slight decline in the number of businesses between 2007 and 2008 and again in 2010 and 2011.

The 0.8 per cent boost to the small business count in the province translated to a net gain of approximately 3,200 businesses from 2007 to 2012. Overall, the number of businesses with employees saw notable growth. Those with one to four staff, which expanded by 3.4 per cent (a net addition of approximately 3,200 new businesses), represented the fastest-growing segment of the small business sector. Businesses with 20 to 49 employees also experienced a substantial increase (+2.8 per cent) over the five-year period.

Large business growth in the province outperformed that of small business, growing at a slightly faster pace from 2007 to 2012.

FIGURE 1.3

GROWTH IN NUMBER OF BRITISH COLUMBIA BUSINESSES, 2007-2012

	Growth (#)	Growth rate
TOTAL SMALL BUSINESSES*	**3,200**	**0.8%**
Self-employed without paid help	-300	-0.1%
Businesses with 1-4 employees	3,200	3.4%
Businesses with 5-9 employees	-200	-0.7%
Businesses with 10-19 employees	200	0.8%
Businesses with 20-49 employees	400	2.8%
TOTAL LARGE BUSINESSES	**100**	**0.9%**
TOTAL ALL BUSINESSES	**3,300**	**0.8%**

*Figures do not add due to rounding.

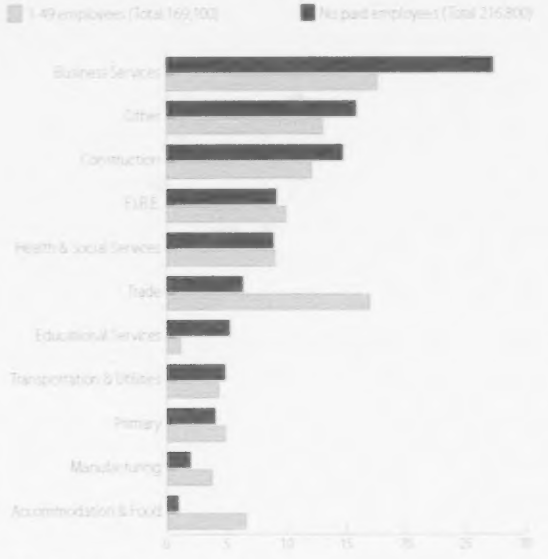
Source: BC Stats using data supplied by Statistics Canada.

There is a wide variety of activities in which small businesses in British Columbia are engaged, ranging from family-operated restaurants, to self-employed clothing designers, to small industrial operations. Almost three-quarters of all businesses in the province are in the service sector, with small businesses equally as likely to be providing a service as large businesses.

In the small business service sector, the largest concentration is in business services, which accounted for 23 per cent of all British Columbia small businesses in 2012. These include occupations such as veterinarians and accountants. Next, at 15 per cent, were "other" services, which include occupations involving information, culture and recreation. Both business and "other" services are more concentrated among businesses with no employees. On the other hand, firms involved in trade are more likely to have employees. Figure 1.4a shows the industry breakdown for small businesses with employees compared to that for businesses operated by a self-employed person with no staff. Figure 1.4b provides the same dissection for small business overall.

FIGURE 1.4A

SMALL BUSINESSES, WITH AND WITHOUT EMPLOYEES, BY INDUSTRY, 2012

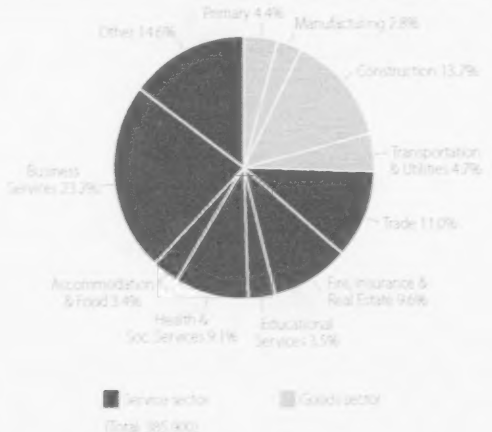


Note: F.I.R.E.: Finance, Insurance & Real Estate.

Source: BC Stats using data supplied by Statistics Canada.

FIGURE 1.4B

TOTAL SMALL BUSINESSES WITH 0-49 EMPLOYEES, 2012



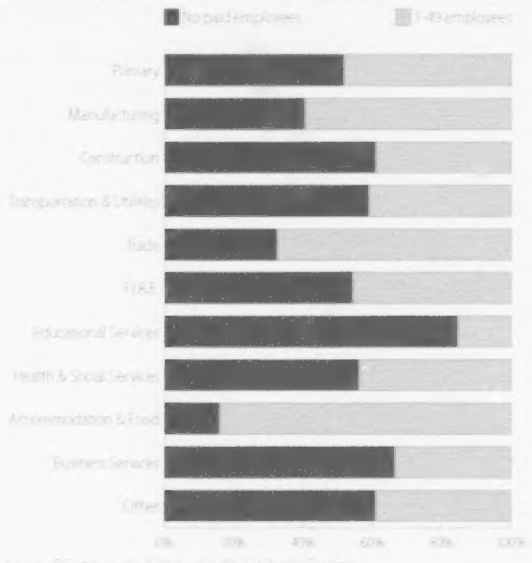
Note: "Primary" is comprised of the agriculture, forestry, fishing, mining, and oil and gas industries.

Source: BC Stats using data supplied by Statistics Canada.

In the goods sector, construction is the most significant industry, accounting for close to 14 per cent of all small businesses in the province. Construction is somewhat more amenable to smaller operations than many other industries, such as those involved in manufacturing, so it makes sense that it has the largest concentration of small businesses among industries outside the service sector.

FIGURE 1.5

SMALL BUSINESSES BY INDUSTRY, SHARES WITH AND WITHOUT EMPLOYEES, 2012



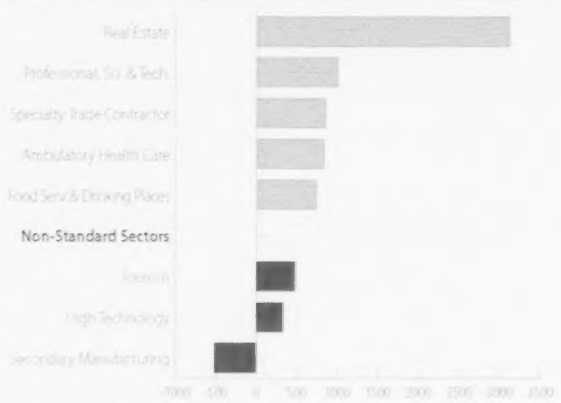
Source: BC data using data supplied by Statistics Canada.

Which industries show the greatest increase in the number of small businesses?

In British Columbia, the real estate sector is by far the leader in small business growth. Between 2007 and 2012, there was a net addition of 3,116 small businesses in real estate, with the largest jump seen in 2012. Second-ranked professional, scientific and technical services saw an addition of 1,003 businesses over the same period, followed by specialty trade contracting and ambulatory health care services, which recorded net gains of 854 and 828, respectively.

FIGURE 1.6

NUMBER OF NET NEW SMALL BUSINESSES - FASTEST GROWING SECTORS IN BRITISH COLUMBIA, 2007-2012



*Non-Employers with employees with paid help.
Source: BC data using data supplied by Statistics Canada.

Non-Standard Industries

This section contains information on non-standard industries that are not defined under the North American Industry Classification System (NAICS) used by Statistics Canada. The tourism, high technology and secondary manufacturing sectors are called "non-standard industries" in this report and are in fact composites of smaller parts of traditionally defined industries under NAICS. Tourism, for example, includes data from parts of the transportation industry, accommodation and food services, and information, culture and recreation services, among others. High technology includes both manufacturing and services components.

Although more traditional resource extraction-based industries – namely, forestry and mining – still play a prominent role, sectors such as tourism and high technology have come to represent a significant portion of the provincial economy. The secondary manufacturing sector is also important, in that adding value to goods stands out as a potential source of future economic growth in British Columbia. Since such industries are far less reliant on capital-intense resource extraction, they are well-suited for development by small business.

For example, in the high technology sector, small businesses comprise 96 per cent of employers.[1] The basis for growth in this sector is innovation, and services can be performed with few employees from small plants, offices and even homes.

Two of these three non-standard sectors experienced an increase in the number of small businesses between 2007 and 2012. Tourism led the way with a net addition of 479 new businesses. The number of high technology businesses also increased over the five-year growth period, with a net addition of 330 establishments.

Conversely, the province's secondary manufacturing sector saw a substantial net decline of 517 small businesses between 2007 and 2012. Factors such as a strong Canadian dollar and a reduction in demand in the wake of global recession have taken their toll on the manufacturing sector in recent years, across most industries.

North American Industry Classification System (NAICS)

The North American Industry Classification System (NAICS) is an industry classification system used in Canada, the United States and Mexico, which is designed to provide common definitions of the industrial structure of the three countries. NAICS is Statistics Canada's comprehensive system encompassing all economic activities. It has a hierarchical structure: at the highest level, it divides the economy into 20 sectors; at lower levels, it further distinguishes the different economic activities in which businesses are engaged.

Non-Standard Sector Definitions

Tourism includes industries such as transportation, accommodation, food services and other tourism-related activities. (Further information on the tourism sector is available online.)

High technology industries may employ a high proportion of scientists and researchers or invest a high proportion of revenues in research and development. Other industries that produce high technology products are also included. (Further information on the high technology sector is available online.)

Secondary manufacturing industries are those that produce goods from the products of other manufacturers. For example, a sawmill is a manufacturing operation, but not a secondary manufacturer, because its logs do not come from another manufacturer. On the other hand, a factory producing wooden doors with lumber obtained from sawmills is a secondary manufacturer.

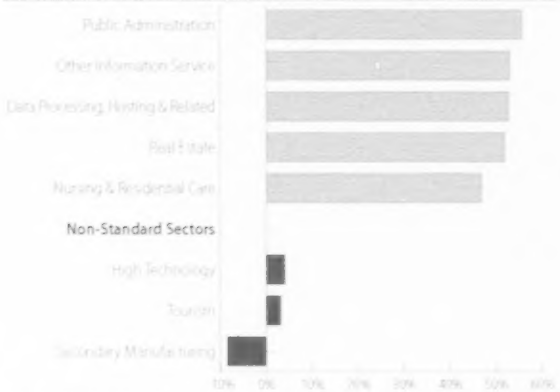
[1] Data for self-employment by industry are only available at a large industry aggregation and cannot be calculated for non-standard industries such as high technology and tourism. Therefore, in order to maintain consistency and to enable a fair examination by industry, the industry figures are for businesses with paid employees only and may differ from other parts of this report.

Which industries show the fastest rates of growth in new businesses?

Among the standard industries,[3] the fastest rate of growth in number of establishments between 2007 and 2012 was seen in businesses involved in public administration (+55.6 per cent).[3] Over this period, there was also an impressive 52.9 per cent increase in the number of businesses in other information services, which translates to an addition of 108 small businesses to this sector. Included in this industry are businesses involved in Internet publishing and broadcasting and web search portals.

FIGURE 1.7

SECTOR GROWTH RATES FOR NUMBER OF SMALL BUSINESSES, BRITISH COLUMBIA, 2007-2012



Note: Excludes self-employed without paid help.
Source: BC Stats using data supplied by Statistics Canada.

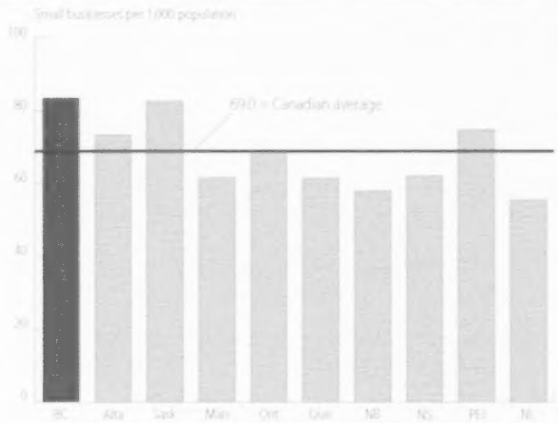
Among the non-standard sectors, high technology expanded between 2007 and 2012, with a 4.0 per cent rise in the number of businesses. By comparison, the number of tourism firms climbed 3.1 per cent, while secondary manufacturing experienced a hefty 8.4 per cent loss in the number of businesses in that sector.

How does the prevalence of small business in British Columbia compare with other provinces?

Small businesses are more prevalent in the western part of the country, at least in terms of businesses per capita. British Columbia held on to its ranking of first among the provinces in 2012, boasting 83.5 small businesses per 1,000 people. Saskatchewan (82.7 small businesses per 1,000 people) ranked second, followed by Prince Edward Island (74.9), the only province east of Saskatchewan to exceed the Canadian average of 69.0 small businesses per 1,000 people. At 73.5, Alberta was the only other province to exceed the Canadian average.

FIGURE 1.8

SMALL BUSINESSES PER CAPITA BY PROVINCE, 2012



Source: BC Stats using data supplied by Statistics Canada.

Between 2008 and 2012, the number of small businesses in British Columbia climbed 1.2 per cent, below the national average (+2.9 per cent).[4] Ontario (+6.5 per cent) led the country in small business growth, followed by Quebec (+1.6 per cent). All other provinces saw slower small business growth than the national average, with three posting declines.

[3] Data for industries with fewer than 100 small businesses are excluded from ranking in the sub-sector growth analysis in order to avoid inflated growth rates for industries with smaller numbers of businesses. (E.g., an increase of one business in an industry with just one business to begin with would equal a 100% rate of growth.)

[3] Public administration refers to establishments that are mainly involved in governing activities such as policy and judicial matters, national defence and regulatory issues, to name a few. It is an area of contention whether or not public administration should be considered an industry of business. However, given that other organizations, such as Statistics Canada and Industry Canada, include public administration in baseline reports, to be consistent, it is included in this study as well.

[4] Due to a methodological change in 2008, consistent data for most provinces are only available back to 2008, although BC Stats has access to data back to 2007. For British Columbia, this result, total growth in businesses by province is only possible for the 2008 to 2012 period.

FIGURE 1.9

SMALL BUSINESS GROWTH BY PROVINCE, 2008-2012

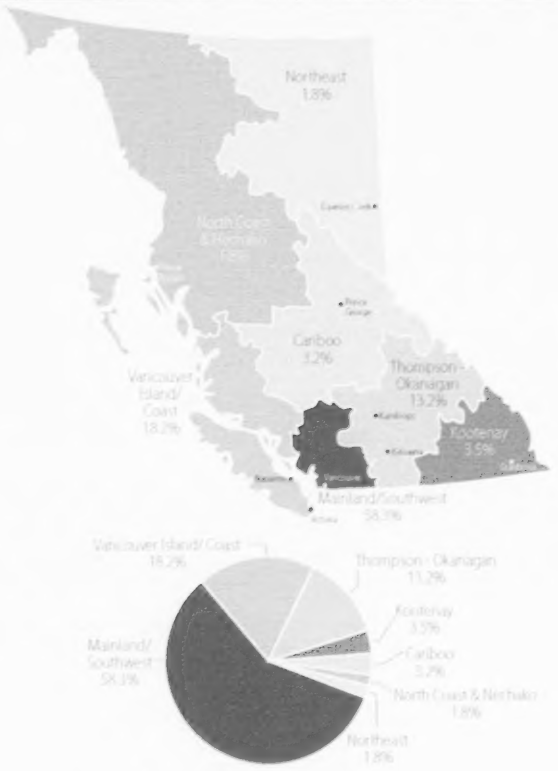
Source: BC Stats using data supplied by Statistics Canada.

Which regions have the greatest number of small businesses?

Naturally, the regions of British Columbia with the most businesses are those with the largest populations. Accordingly, it is useful to compare the distribution of businesses to share of population to better gauge in which regions small businesses are most prevalent. In 2012, the Mainland/Southwest region, which includes Greater Vancouver, was home to about 58 per cent of the province's small businesses, appreciably less than its 61 per cent share of total provincial population. Conversely, the second most populous region—Vancouver Island/Coast—contained about 17 per cent of British Columbia's population and housed a marginally larger proportion (18 per cent) of small businesses. The Thompson-Okanagan region was ranked third with about 13 per cent of small businesses, which was also slightly above its share of the province's total population (12 per cent). The remaining regions together accounted for about 10 per cent of small businesses in 2012, representative of their share of population.

FIGURE 1.10

SMALL BUSINESS DISTRIBUTION BY REGION, BRITISH COLUMBIA, 2012



Source: BC Stats using data supplied by Statistics Canada.

In which regions are the greatest numbers of small businesses forming?

Between 2007 and 2012, the three most populous regions of the province recorded growth in the number of small businesses, while the other areas experienced significant declines. As a result, the province registered a net gain of 0.8 per cent, or around 3,200 businesses. Thompson-Okanagan led the province in the five-year increase in the number of small businesses, recording an impressive 5.3 per cent growth, which translates to an approximate addition of 2,600 businesses. Vancouver Island/Coast (+3.2 per cent) was second in growth, adding 2,200 net new small businesses over the period. In terms of actual numbers, Mainland/Southwest (+2.3 per cent) added the most new businesses to the province, with an increase of about 5,000 establishments.

The other regions all experienced a drop in the number of businesses, with some losing in excess of 1,000 businesses between 2007 and 2012.

FIGURE 1.11

NET CHANGE IN NUMBER OF SMALL BUSINESSES BY REGION, 2007-2012

	Total, 2012	Net change (#)	Growth rate
Vancouver Island/Coast	70,300	2,200	3.2%
Mainland/Southwest	224,700	5,000	2.3%
Thompson-Okanagan	50,900	2,600	5.3%
Kootenay	13,600	-2,600	-16.3%
Cariboo	12,400	-1,000	-7.3%
North Coast & Nechako	7,000	-700	-9.5%
Northeast	6,800	-1,100	-14.1%
Provincial Total*	**385,900**	**3,200**	**0.8%**

*Figures do not add to the total because the provincial total includes some businesses for whom the region is unknown.

Source: Profile, using data supplied by Statistics Canada.

Mining, oil and gas extraction was the fastest growing industry in four regions between 2007 and 2012. Mainland/Southwest (+33.2 per cent), Thompson-Okanagan (+37.3 per cent), Cariboo (+50.0 per cent) and North Coast and Nechako (+113.3 per cent) all saw the number of businesses in this industry surge. Finance, insurance and real estate and public administration were also big growth industries for many regions. For detailed regional data by industry, see Appendix 1.

In what regions are the non-standard sectors growing the fastest?

Between 2007 and 2012, the high technology sector expanded its number of small businesses in all but one region, including those with the highest concentration of high technology establishments. Mainland/Southwest recorded a 4.0 per cent jump in high tech businesses, while Vancouver Island/Coast saw a 0.9 per cent increase. The Northeast region saw the most notable climb in high tech establishments (+12.2 per cent), followed by Thompson-Okanagan (+11.3 per cent). The count was up more modestly in Kootenay and North Coast and Nechako (+1.0 per cent each). Cariboo (-7.2 per cent) was the only region to suffer a decline in its high tech small businesses.

Secondary manufacturing small businesses declined in five regions of the province between 2007 and 2012. North Coast and Nechako (-19.5 per cent) experienced the most significant rate of decline, but there were also double-digit losses in Vancouver Island/Coast (-11.2 per cent) and Cariboo (-10.3 per cent). The Kootenay region (+5.0 per cent), saw the most pronounced growth in secondary manufacturing small businesses, but the Northeast (+1.9 per cent) also made gains.

Some promising increases occurred in the number of tourism-related small businesses in the province between 2007 and 2012. Only two regions failed to see gains. See Appendix 1 for further detailed data by industry.

2 | SMALL BUSINESS EMPLOYMENT

How many jobs does small business provide in British Columbia?

There were approximately 1,032,700 jobs in small businesses in British Columbia in 2012, representing close to half (45 per cent) of the province's 2,312,500 jobs. This share was unchanged from 2011 and has remained relatively stable in recent years.

FIGURE 2.1

SHARE OF TOTAL EMPLOYMENT, B.C., 2012

In 2012, 1,871,600 people in British Columbia were employed by the private-sector (including both small and large businesses). Of this total, 55 per cent were in small business, a ratio that has remained essentially unchanged over the past decade. Self-employed workers accounted for 22 per cent of total private-sector employment, while 33 per cent worked for a small business. The remaining 45 per cent of private-sector workers were employees of large businesses.

FIGURE 2.2

PRIVATE-SECTOR EMPLOYMENT IN BRITISH COLUMBIA BY SIZE OF BUSINESS, 2012

	Employment	Per cent of total
TOTAL SMALL BUSINESS EMPLOYMENT	**1,032,700**	**55%**
Self-employed	418,600	22%
Employed by small business	614,100	33%
LARGE BUSINESS EMPLOYMENT	**838,900**	**45%**
TOTAL PRIVATE-SECTOR EMPLOYMENT	**1,871,600**	**100%**

In 2012, small business employment in British Columbia climbed 0.4 per cent, partly reversing a decline recorded in 2011. The sole factor contributing to this expansion was employees of small businesses (+1.2 percent), as the number self-employed individuals slipped (-0.7 per cent growth). Given the uncertain economic climate of recent years, the volatility in small business employment in British Columbia (and other provinces) is understandable. However, this decline was in direct contrast to large business, which saw employment climb by 2.2 per cent.

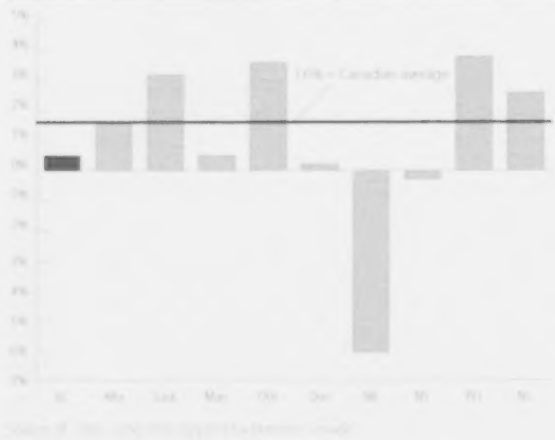
Self-employment growth has fluctuated in recent years and in 2012, there were 2,300 fewer self-employed workers in British Columbia than in 2007, a 0.5 per cent decrease over the five-year period. Despite a significant drop in 2009, employees of small businesses have showed solid growth over the same span, climbing 1.2 per cent. These increases pushed overall small business employment (including self-employed and employees) up 0.5 per cent between 2007 and 2012, translating to a net addition of approximately 26,600 people to small business employment levels in British Columbia since 2007.

How does British Columbia's small business employment compare with other provinces?

Small business employment growth in British Columbia fell short of the national average (+1.6 per cent) between 2007 and 2012. Prince Edward Island (+3.8 per cent) led the nation, while New Brunswick experienced the most substantial decline (-6.1 per cent).

FIGURE 2.3

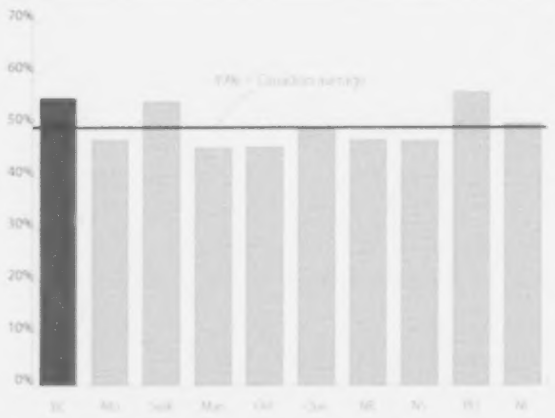
SMALL BUSINESS EMPLOYMENT GROWTH BY PROVINCE, 2007-2012



In 2012, British Columbia ranked second in the country in terms of the share of private-sector jobs derived from small business (slightly more than 55 per cent), marginally behind Prince Edward Island (56 per cent). Saskatchewan ranked third (slightly less than 55 per cent), followed by Newfoundland and Labrador (50 per cent). Manitoba and Ontario (46 per cent each) reported the least reliance on small business for private-sector employment, while nationally, the average hovered around 49 per cent.

FIGURE 2.4

SMALL BUSINESS AS A PER CENT OF PRIVATE-SECTOR EMPLOYMENT BY PROVINCE, 2012



Canada's regions differ significantly in economic structure, a likely cause of much of the variation in small business employment among the provinces. For example, British Columbia has a larger services sector than other provinces, which may account for a stronger presence of small businesses, while Ontario is more dependent on employment from large manufacturing businesses, particularly in the automotive sector. On the other hand, provinces such as Saskatchewan and Prince Edward Island rely heavily on agriculture, an industry characterized by smaller operations with fewer employees.

Which industries are experiencing the most job growth?

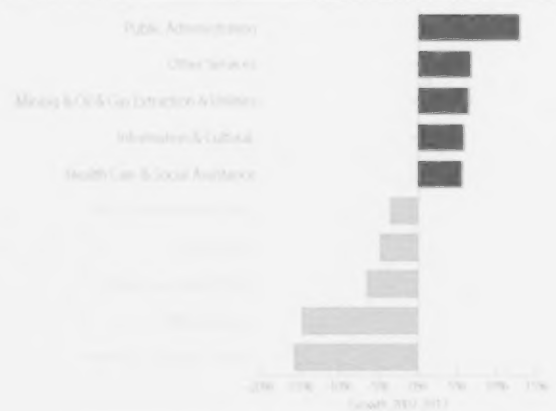
Between 2007 and 2012, the accommodation and food services industry was the largest provider of new small business jobs in British Columbia. Employment in this industry climbed 5.2 per cent creating approximately 4,600 net new jobs over the five-year period. The health care and social assistance sector also added a substantial number of jobs from 2007 to 2012, increasing its employment by 5.6 per cent and creating nearly 3,300 new jobs.

In terms of growth rates, public administration recorded the most substantial increase in employment, with a 12.8 per cent jump. With an increase of 6.7 per cent over the five-year period, the other services sector, which includes employment in private households, such as cleaning and repairs, also recorded a notable boost in employment (a net addition of about 2,900 jobs). With an equally solid performance (+6.4 per cent, or approximately 300 jobs), mining and oil and gas extraction and utilities was not far behind.

At the other end of the spectrum, job losses between 2007 and 2012 were most heavily concentrated in forestry, logging and support and manufacturing.[1] Over this period, these industries saw the number of jobs drop 15.5 and 14.6 per cent, respectively.

FIGURE 2.5

TOP AND BOTTOM FIVE INDUSTRIES IN TERMS OF PER CENT CHANGE IN SMALL BUSINESS EMPLOYMENT IN B.C., 2007-2012



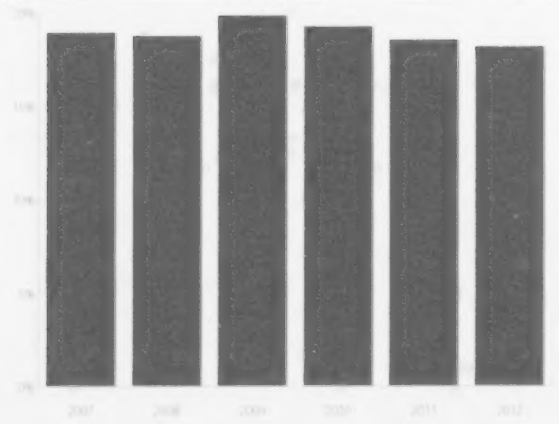
SELF-EMPLOYMENT

What proportion of total employment consists of the self-employed?

The self-employed – individuals who spend most of their working hours running their own businesses – have remained a sizeable portion of British Columbia's workforce over the past five years. In 2012, self-employment accounted for 18.1 per cent of total employment, down only slightly from 2007 (18.5 per cent).

FIGURE 2.6

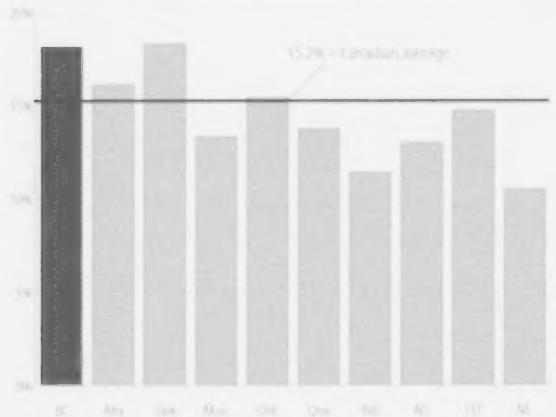
B.C.'S SELF-EMPLOYMENT AS A PER CENT OF TOTAL EMPLOYMENT, 2007-2012



At 18.1 per cent, the province's share of self-employed workers is the second highest in the country, nearly three percentage points above the Canadian average of 15.2 per cent. With its heavy reliance on family farming operations, Saskatchewan (18.3 per cent) is the only province to have a comparable proportion of self-employed workers, although Alberta and Ontario also had above-average self-employment ratios in 2012.

FIGURE 2.7

SELF-EMPLOYMENT AS A PER CENT OF TOTAL EMPLOYMENT BY PROVINCE, 2012

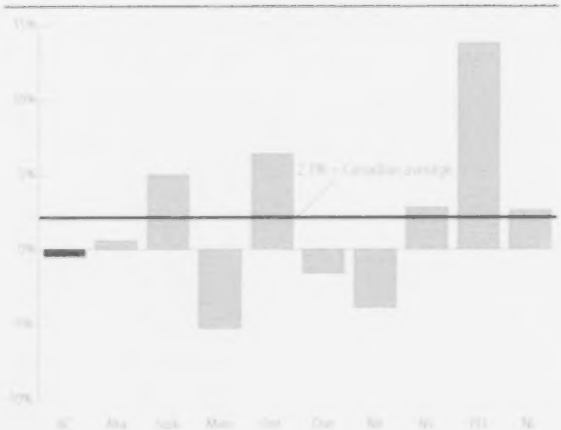


How does self-employment growth in British Columbia compare with other provinces?

Over the past five years, British Columbia has bucked the national trend in self-employment growth. Between 2007 and 2012, the number of self-employed in the province slipped 0.5 per cent, while the national average climbed 2.1 per cent. Prince Edward Island (+13.8 per cent), Ontario (+6.4 per cent) and Saskatchewan (+5.0 per cent) were responsible for much of the boost to the Canadian average over the past five reporting years, while a few other provinces, most notably Manitoba (-5.3 per cent), lost ground over the same time span.

FIGURE 2.8

SELF-EMPLOYMENT GROWTH BY PROVINCE, 2007-2012

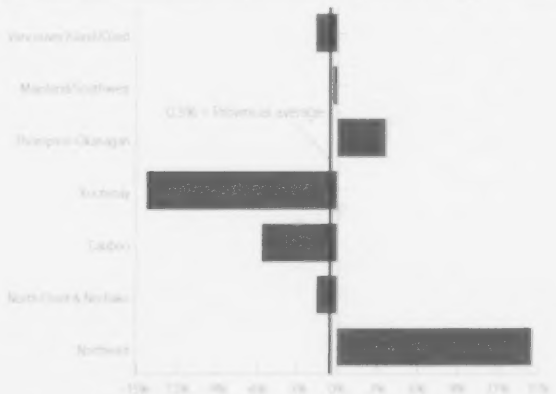


In what regions is self-employment growing the fastest?

The Northeast region led the province in self-employment growth with a 14.5 per cent surge between 2007 and 2012. As with total small business development, the Thompson-Okanagan is also a leader in self-employment growth. Over the five-year period, this region recorded a 3.6 per cent increase in the number of self-employed. All other regions saw negative growth in entrepreneurs. Kootenay (-14.2 per cent) saw the most notable decrease, followed by Cariboo (-5.6 per cent) and Vancouver Island/Coast (-1.6 per cent).

FIGURE 2.9

SELF-EMPLOYMENT GROWTH RATE FOR REGIONS IN B.C., 2007-2012



3 PROFILE OF SELF-EMPLOYED IN BRITISH COLUMBIA

How many self-employed people are there in British Columbia?

In 2012, there were 418,600 self-employed workers in British Columbia, including approximately 1,700 people who worked in family businesses without pay, which leaves a total 416,900 self-employed individuals. Unincorporated individuals working on their own with no employees made up the largest class of self-employed small businesses, with 52 per cent of all self-employed falling within this category.

FIGURE 3.1

NUMBER OF SELF-EMPLOYED BUSINESS OWNERS IN B.C., 2012

	With paid help	Without paid help	Total	Per cent
Incorporated	92,400	73,800	166,200	40%
Unincorporated	33,900	216,800	250,700	60%
TOTAL SELF-EMPLOYMENT	**126,300**	**290,600**	**416,900**	**100%**

Source: Statistics Canada | Prepared by BC Stats

In 2012, the overall number of self-employed workers in British Columbia edged down 0.7 per cent, or by approximately 2,900 workers, on the heels of a heftier decrease in 2011 (-2.5 per cent, or 10,800 individuals). A myriad of factors can contribute to the ebb and flow in self-employment numbers, including the overall economic condition over the period in question. In 2009, when self-employment jumped 3.9 per cent, the unstable economic landscape may have had a significant impact. In unsure economic times, some people may turn to self-employment in the face of layoffs or decreased job security. The subsequent declines recorded in 2010, 2011 and 2012 could reflect a return of such workers to the employee workforce.[6]

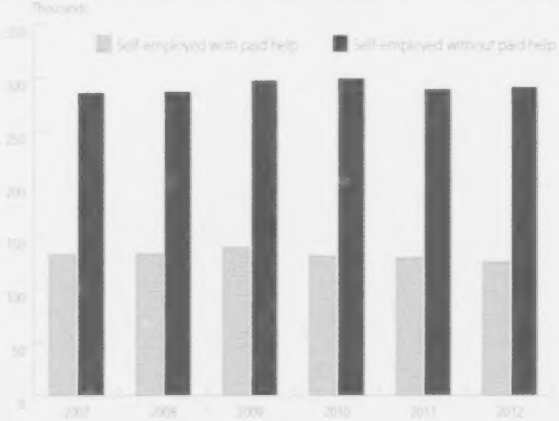
Another interesting pattern can be found when one examines the different types of self-employed individuals. Among the self-employed in British Columbia, sole operators are more common than employers with staff. This is not surprising, particularly when it is coupled with simultaneous growth in the number of small businesses. Many small businesses begin with one individual running their own business, often from home. As they grow, they may in turn take on employees. Working for oneself can offer flexibility that other types of employment do not. Students, retirees, or people looking to earn a secondary income may have a higher propensity to choose self-employment over other options. Others may turn to self-employment not because of conditions in the wage-labour market, or to fit their lifestyles, but because they are compelled by entrepreneurial spirit.

In 2012, the number of self-employed *without* paid help, regardless of incorporation status, was well over twice that of self-employed *with* paid help and this gap appears to be growing. In the last five reporting years, the number of self-employed business owners operating with staff decreased (-5.3 per cent between 2007 and 2012), while the number of those without staff climbed (up 1.9 percent). With the exception of 2011, the number of self-employed without paid help has increased every year over the past decade. In 2012, the number of self-employed individuals without employees was up 0.7 per cent, while the self-employed with staff decreased 2.9 per cent.

[6] It is possible that some employees of self-employed work to supplement their salaried income. However, such workers are not included in figures quoted in this report. We limit employed to counting only people for whom their self-employed work constitutes "the job" at which they work the most hours, except where specifically indicated otherwise.

FIGURE 3.2

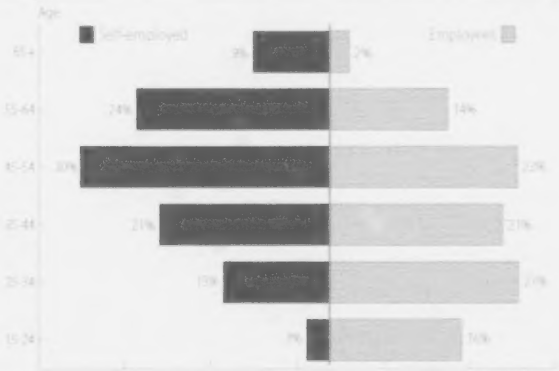
NUMBER OF SELF-EMPLOYED WITH PAID HELP COMPARED TO SELF-EMPLOYED WITHOUT PAID HELP, B.C., 2007-2012



Source: Statistics Canada | Prepared by BC Stats

FIGURE 3.3

AGE DISTRIBUTION OF SELF-EMPLOYED WORKERS COMPARED TO EMPLOYEES, B.C., 2012



Note: Percentages do not add to 100 due to rounding.
Source: Statistics Canada | Prepared by BC Stats

What is the profile of a self-employed person in British Columbia?

There are a number of differences between self-employed people and those who are employees of businesses. On average, self-employed people tend to be older, are more often men, work longer hours and are less likely to be Aboriginal peoples compared to workers who are employees.

More than half (51 per cent) of British Columbia's self-employed are between the ages of 35 and 54, compared to 44 per cent of employees. Similarly, while 39 per cent of employees are under the age of 35, only 16 per cent of self-employed business owners fit this profile. At the other end of the scale, one-third (33 per cent) of entrepreneurs are aged 55 and over, compared to merely 17 per cent of employees.

There are at least a couple of reasons for the variance in the age structure of self-employed persons versus employees. Many younger people under the age of 25 lack the skill-set and capital resources to start and operate a business of their own. On the other hand, for older workers, self-employment may be used as a transition from working at a full-time job to moving into retirement. This is reflected in the share of self-employed business owners aged 65 and over (more than nine per cent) compared with their employee counterparts of the same age group (around two per cent). It is possible that as one reaches potential retirement age, a self-employed business owner might be more inclined to carry on working when they themselves are the main decision-makers in their own businesses. As an employee working for a business that is owned and operated by an employer, and not oneself, it is more common to have a pension and/or retirement package as incentives to retire at a socially pre-determined age.

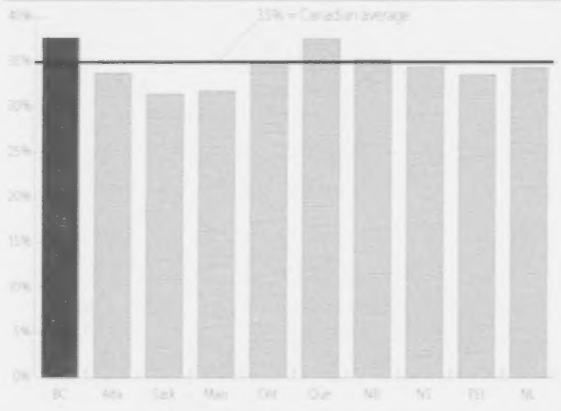
Self-employment as a percentage of all workers has been growing steadily in all age groups, but for those over 55 there has been a particularly sharp increase in their propensity to be self-employed. One contributing factor for the high incidence of self-employment among older Canadians may be retirement-related. Many of those who have retired or semi-retired from their salary-based careers seek alternative sources of income and livelihood that offer them the flexibility available with self-employment.

Generally, the self-employed tend to retire at an older median age than the overall workforce. In 2012, the median retirement age for all Canadian retirees was 62.6 years, up slightly from 2011 (62.3 years). Meanwhile, the median retirement age for the self-employed also increased in 2012, climbing half a percentage point from 65.1 to 65.6, and remained significantly higher than that of the average Canadian. In the past 10 years, the median retirement age for the self-employed has climbed by almost one year (64.8 in 2002), while that for all workers has jumped by two years (60.6 in 2002).

Another difference that emerges between self-employed persons and employees is in gender distribution. While workers who are employees are equally likely to be men or women, those who are self-employed are more often male. In 2012, almost two-thirds (62.3 per cent) of the self-employed in British Columbia were men. Despite their lower prevalence among the self-employed, women in British Columbia, as in other provinces, have made some important strides with respect to business ownership. Well over a third (37.7 per cent) of the province's business owners in 2012 were women, the highest rate in the country. Quebec (37.6 per cent) was the only other province to exceed the Canadian average (35.4 per cent) in terms of the share of businesses owned by women.

FIGURE 3.4

PROPORTION OF SELF-EMPLOYED WHO ARE WOMEN, BY PROVINCE, 2012



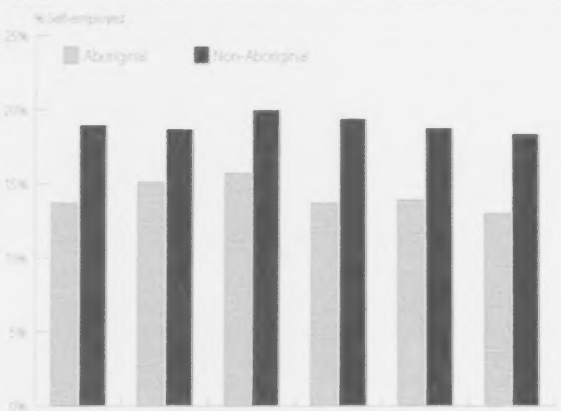
Source: Statistics Canada / Prepared by BC Stats

There is some noteworthy variation in terms of age and sex distribution among British Columbia's self-employed. For example, despite an overall decline in the number of self-employed between 2007 and 2012 (-0.5 per cent), self-employment among women was on the rise. While the number of male entrepreneurs slipped 2.8 per cent over the five-year period, the number of female self-employed jumped 3.4 per cent. Interestingly, the increase in self-employment among women in the province was entirely attributable to boosts among those aged 45 and over. See Appendix 2 for detailed data.

Examining self-employment trends for Aboriginal peoples in British Columbia provides some insight on the diversity of small business owners in the province. Data for 2012 indicate that Aboriginal people living off-reserve continue to be significantly less likely to be self-employed than non-Aboriginals. In that year, 13 per cent of Aboriginals in British Columbia were self-employed, compared to 18 per cent of non-Aboriginals who worked for themselves. One explanation for this difference may be the younger age distribution of Aboriginal people relative to the overall population, given the older age composition of self-employed individuals compared with those who are employees.

FIGURE 3.5

PER CENT OF WORKING, OFF-RESERVE ABORIGINALS AND NON-ABORIGINALS WHO ARE SELF-EMPLOYED, B.C., 2007-2012



Source: Statistics Canada / Prepared by BC Stats

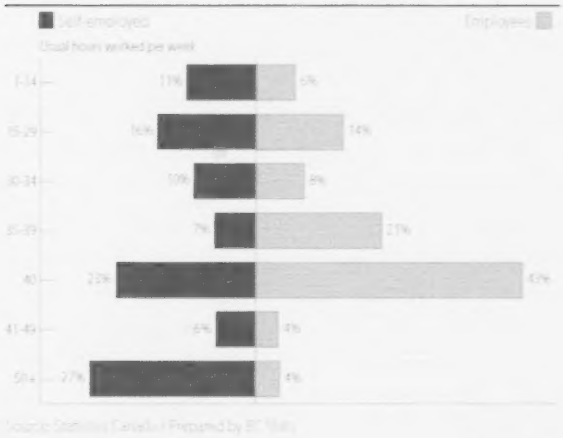
How do the self-employed differ from employees with respect to hours worked?

Self-employed and employees differ significantly in terms of the usual number of hours worked per week. On average, the self-employed have much longer work days than employees. While most employees in British Columbia (64 per cent) work between 35 and 40 hours per week, only 29 per cent of the self-employed fit this category. More than one-quarter (27 per cent) of self-employed work 50 or more hours per week, compared to just four per cent of employees. The average work week for self-employed workers in 2012 was 37.5 hours, compared to 34.8 hours for employees.

The disparity between employees and the self-employed in terms of hours worked per week has remained comparatively unchanged over the last decade. The average workweek for the self-employed has fluctuated only slightly (between about 38 and 40 hours), while the average for employees has also remained fairly stable (approximately 35 hours per week). There are several possible reasons why some self-employed business owners put more hours in at work. Some possibilities include lack of staff to do extra work, lack of capital to pay staff overtime and perhaps in some cases, a self-employed individual may have more passion for a business that they can call their own and hence more drive to work longer hours.

FIGURE 3.6

HOURS WORKED, SELF-EMPLOYED COMPARED TO EMPLOYEES, B.C., 2012



Source: Statistics Canada | Prepared by BC Stats

Long-working self-employed Canadians represent an even larger portion than those in British Columbia. Nationally, 31 per cent of self-employed workers averaged 50 hours or more per week in 2012. The average workweek for self-employed workers in Canada is approximately 40 hours, two hours more than the British Columbia average.

4 | CONTRIBUTION TO THE ECONOMY

How large is the contribution of small business to British Columbia's economy relative to other provinces?

Small business contributes to the provincial economy in a number of ways. It creates and maintains employment, is a source of innovation and meets payrolls that support families and stimulate new economic activity.

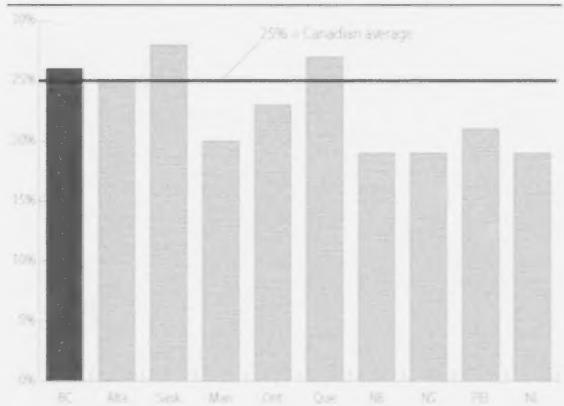
The key measure of economic production of a sector is its gross domestic product (GDP). GDP represents the value that a sector adds to the materials and services it uses.

Gross Domestic Product (GDP) refers to the total market value of all the goods and services produced within national or provincial borders during a specified period. The growth rates of GDP provide an indication of how well an industry or an economy is doing. The GDP of an industry (also referred to as value added) equals output by the industry minus the value of intermediate inputs that were purchased from other industries, domestic or foreign. Value added is a measure of how much an industry has contributed to the value of its output over and above the value of intermediate inputs. GDP by industry for the economy as a whole is the sum of values added by all industries resident in Canada.

In 2012, small business was responsible for roughly 26 per cent of British Columbia's GDP, compared to a Canadian average of 25 per cent. Only two other provinces exceeded the national average: Saskatchewan's small businesses comprised 28 per cent of that province's GDP, while small businesses in Quebec accounted for 27 per cent of GDP. At the other end of the scale, small business contributed only 19 per cent of GDP in New Brunswick, Nova Scotia and Newfoundland and Labrador. In British Columbia, the relatively high contribution of small business is at least partly due to the fact that the province has traditionally been more service sector-oriented than most other provinces, and much of the nation's growth in small businesses has been concentrated in service-sector industries.

FIGURE 4.1

SMALL BUSINESS CONTRIBUTION TO GDP BY PROVINCE, 2011



Source: BC Stats

How does average pay compare between small and large businesses?

On average, large businesses traditionally have paid their employees more compared to small businesses. Small businesses make up much of this wage disparity in other ways by offering benefits that may not be possible in some larger businesses, such as more flexible hours. The average small business employee earned $39,210 in 2012, compared to $48,318 for employees of large business, which amounts to a difference of about $9,100 annually. Part of the wage gap is likely related to productivity. Larger firms can take advantage of economies of scale and they can better afford necessary capital improvements, such as machinery and equipment that can substitute for low-skilled labour, allowing them to be more productive than small businesses. As a result, larger firms tend to achieve more output per employee and can consequently afford to pay their employees higher wages. Another possible factor is that small businesses are much less likely to be unionized. In general, employees who belong to unions tend to earn higher wages than non-unionized employees.

FIGURE 4.2

CHANGES IN AVERAGE ANNUAL EARNINGS, BRITISH COLUMBIA, 2007-2012

	Small business	Large business
Earnings 2007 (payroll/employee)	$ 36,562	$ 41,984
Earnings 2012 (payroll/employee)	$ 39,210	$ 48,318
PER CENT CHANGE	**7.2%**	**15.1%**

Source: BC Stats using data supplied by Statistics Canada.

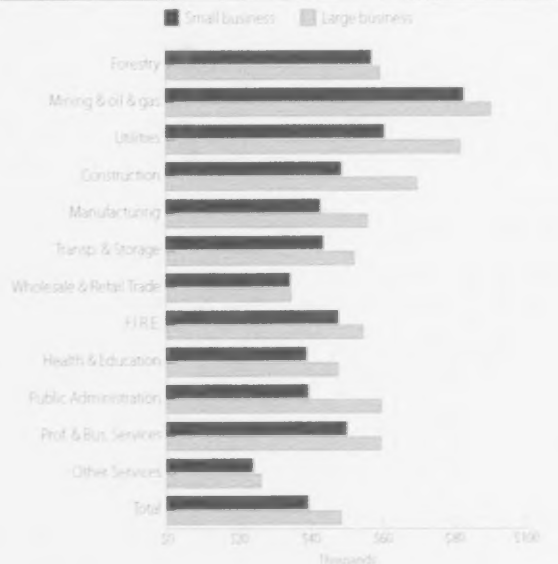
Between 2007 and 2012, the difference between wages of employees of small and large businesses widened somewhat, as average earnings of small business employees increased at less than half the rate than those of their large business counterparts. Employees of small businesses saw their average wages increase 7.2 per cent over this period, compared to a 15.1 per cent boost for those working for larger businesses.

How does average pay compare across industries for small versus large businesses?

In 2012, wages in businesses with 50 or more employees were higher than those in small businesses over all major industry groupings. The largest wage gap was in construction, where large businesses paid nearly $22,000 more, on average, than those in small business. Another industry where there has historically been significant wage disparity is utilities and this was again the case in 2012, as employees working for small businesses earned close to $21,000 less per annum than those working for large utility companies. The smallest gap was for workers in the trade industry (wholesale and retail), who earned just slightly less ($152) on an average annual basis than did their counterparts working for large businesses. For businesses of any size, employees in the accommodation and food sector earned the lowest wages, on average. The highest wage earners were in mining, oil and gas extraction.[1]

FIGURE 4.3

AVERAGE ANNUAL EARNINGS BY INDUSTRY, B.C., 2012



Note: FIRE: Finance, Insurance & Real Estate.
Source: BC Stats using data supplied by Statistics Canada.

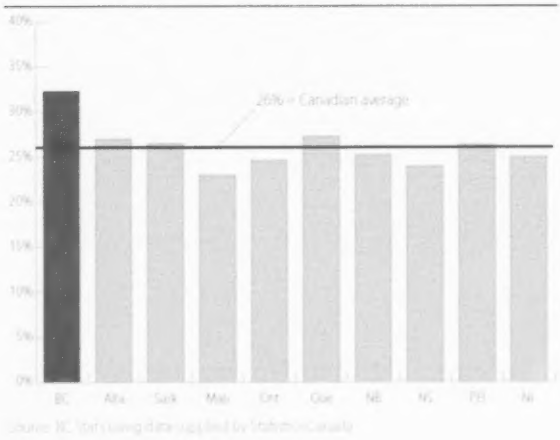
1 The wage data are from Statistics Canada's Survey of Employment, Payroll and Hours, which does not include data for the agriculture and fisheries industries. Data for the accommodation and food sector does not include gratuities. In Figure 4.3, accommodation and food is included in other services.

How does British Columbia compare in terms of the portion of total payroll generated by small business?

Of all the provinces, British Columbia has the highest reliance on small business payrolls. In 2012, small business accounted for nearly one-third (just over 31 per cent) of wages paid to workers. Second-ranked Prince Edward Island was nearly five percentage points lower than British Columbia, with just short of 27 per cent of P.E.I.'s payroll comprising wages paid to small business employees. The Canadian average was approximately 26 per cent. At less than 23 per cent, Manitoba was the province with the smallest percentage of payroll derived from small business. The high portion of payroll generated by small business in British Columbia is partly due to the large role that small business plays in the province's economy. Also, wages in industries that are less prevalent in British Columbia, such as agriculture, tend to be lower, which can affect the size of payrolls in provinces that rely more heavily on these industries.

FIGURE 4.4

SMALL BUSINESS SHARE
OF TOTAL PAYROLL BY PROVINCE, 2012



Source: BC Stats using data supplied by Statistics Canada

5 | SMALL BUSINESS EXPORTERS

How is a small business exporter defined?

For the purposes of this report, a small business exporter is defined as a business with fewer than 50 employees that exports goods out of the country. While shipments of goods to other provinces and services provided to out-of-province residents or businesses are also considered exports, such data tabulated by business size are unavailable.

There is a one-year lag in the availability of data for exports by businesses tabulated by employee size and, as a result, 2011 is the latest year for which data are available. In addition, in order to meet confidentiality requirements, Statistics Canada has grouped the Territories (Yukon, Northwest Territories and Nunavut) into a region with British Columbia, such that the data for British Columbia include exporters in the Territories. This should not significantly influence the small business numbers as most of the exports from the Territories are diamonds from the Northwest Territories, which are generally large business exports. Although the value of exports for large businesses is likely overstated, the numbers for small businesses in British Columbia are probably inflated by less than one per cent.

Small Business Exporter

A small business exporter is a business with fewer than 50 employees that exports goods out of the country, regardless of the value of exports. Small firms can be large exporters and, conversely, some large firms are small exporters.

How many small businesses in British Columbia export?

In 2011, there were 6,538 businesses in British Columbia that exported goods to destinations outside of Canada. Of these, 5,567 were businesses with fewer than 50 employees, accounting for 85 per cent of all exporting businesses.[8] These small business exporters represented approximately 1.4 per cent of all small businesses in the province, which means 98.6 per cent of small businesses in British Columbia did not export goods in 2011.

There are likely a number of different reasons why so few small businesses export, including the high start-up costs associated with an exporting business and the need to achieve economies of scale to compete internationally. Despite the fact that only a small fraction of British Columbia's small businesses were exporters in 2011, they shipped about $12.2 billion worth of merchandise from the province, accounting for almost 42 per cent of the total value of B.C.'s exports.

FIGURE 5.1

NUMBER OF BRITISH COLUMBIA* EXPORTERS AND VALUE OF EXPORTS, 2011

	Number of businesses	Value of exports ($millions)
Small business exporters	5,567	$ 12,183
Large business exporters	971	$ 17,034
TOTAL ALL EXPORTERS	**6,538**	**$ 29,217**

*Includes data for the Territories

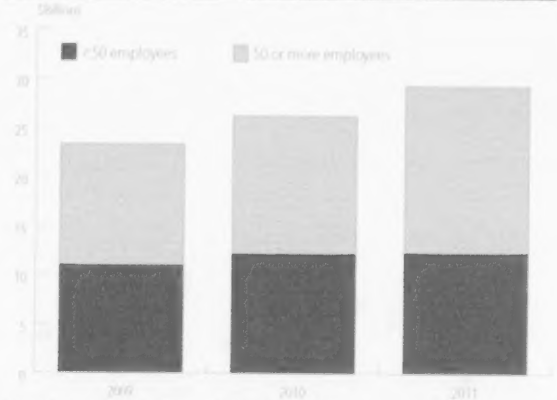
Source: Statistics Canada / Prepared by BC Stats

[8] The business counts in this chapter refer to establishment counts, rather than business location counts, as the data in the Exporter Registry, which is the source of exports by business size, are also based on the establishment framework.

B.C.'s goods exports fell dramatically in 2009 in the wake of the global economic downturn, but experienced some recovery in each of the following two years. While both large and small business exporters have benefitted from the rebound, growth has been much slower for small businesses. Between 2009 and 2011, the value of exports by small businesses climbed 11.2 per cent, compared to a jump of 37.9 per cent in the value of goods exported by businesses with more than 50 employees. Most of this difference happened between 2010 and 2011, during which large exporters increased their shipments by 20.5 per cent, while small business exports edged up only 0.8 per cent.

FIGURE 5.2

GROWTH IN BRITISH COLUMBIA EXPORTS, SMALL AND LARGE BUSINESSES, 2009-2011



Source: Statistics Canada / Prepared by BC Stats

What is the destination of goods shipped by British Columbia small business exporters?

In 2011, approximately 54 per cent of small business exporters shipped their goods exclusively to the United States. Another 19 per cent exported to both the United States and at least one other country, while 27 per cent shipped solely to non-U.S. destinations.

Despite representing more than half of small business exporters, those businesses that shipped exclusively to the United States were responsible for only 37 per cent of the value of small business exports. Small businesses that shipped to both the U.S. and other countries accounted for 32 per cent of the overall value of small business exports. The story was similar for larger exporters, with 50 per cent of these businesses shipping solely to the United States, but responsible for only 28 per cent of exports. Those large businesses that shipped to both the United States and other countries accounted for 36 per cent of large exporters and 44 per cent of large business exports.

FIGURE 5.3

SHARE OF BRITISH COLUMBIA* EXPORTERS AND VALUE OF EXPORTS BY DESTINATION OF EXPORTS, 2011

Small businesses	Business count	Export value
U.S. only	54%	37%
Non-U.S. only	27%	31%
Both U.S. and non-U.S.	19%	32%
Large businesses	**Business count**	**Export value**
U.S. only	50%	28%
Non-U.S. only	13%	28%
Both U.S. and non-U.S.	36%	44%

*Includes data for the Territories.
Note: Figures do not add to 100 per cent due to rounding.
Source: Statistics Canada / Prepared by BC Stats

At first glance, it may seem strange that businesses that exported to non-U.S. destinations tended to ship greater volumes than those with exports destined only for the United States. However, given that it is generally more expensive to ship to non-U.S. destinations, not only because of longer transport distances, but also other issues, such as time zone and language differences, which add to the cost of marketing and distribution, it makes sense that exporters need to ship larger volumes to achieve economies of scale and defray some of their expenses.

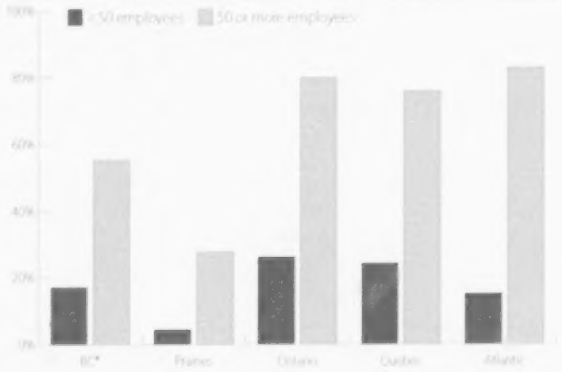
What proportion of British Columbia's small business exporters are manufacturers?

Small business exporters in British Columbia are far less likely to be manufacturers compared to large businesses that export. In 2011, around 30 per cent of exporters with fewer than 50 employees were in a manufacturing industry, compared to 51 per cent of larger exporters. With respect to the value of goods exported, the difference was even greater. Seventeen per cent of small business exports were derived from the manufacturing sector, while 55 per cent of exports from larger businesses were manufactured goods.

The same pattern was evident across Canada, although to varying degrees. The manufacturing sector's share of small exporting businesses ranged from a low of 27 per cent in the Prairies to a high of 42 per cent in Quebec. In every region in the country, there was a big difference between the share of export revenue for manufacturers in small and large businesses. The largest discrepancy was in Atlantic Canada, where 15 per cent of small business exports were products of manufacturing industries, compared to 83 per cent of exports from larger businesses. Manufacturers in the Prairies, where resource products dominate exports, were responsible for the smallest proportion of overseas shipments with four per cent of small business exports and 28 per cent of exports from larger businesses derived from the manufacturing sector.

FIGURE 5.4

MANUFACTURING INDUSTRIES' SHARE OF DOMESTIC EXPORTS BY PROVINCE, 2011



*No sales data for the Territories

Source: Statistics Canada / Prepared by BC Stats

How do British Columbia small business exporters compare with those in other parts of the country?

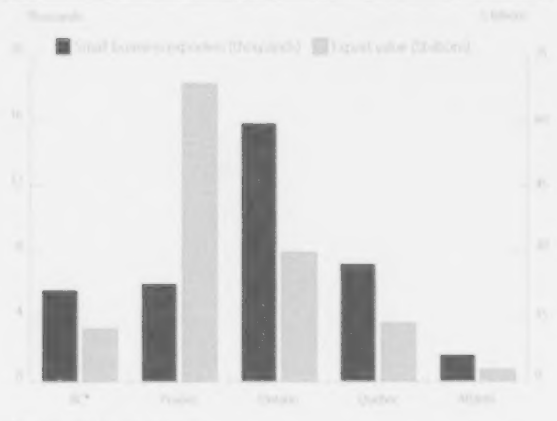
In 2011, British Columbia had almost as many small business exporters as the three Prairie provinces combined. This is at least partly due to the fact that many small farms in the Prairies have their exports handled by large co-operatives such as the Canadian Wheat Board, which exports on their behalf. However, this could change in the next few years as the Wheat Board no longer has monopoly power to market the wheat and barley produced in the Prairies. Ontario had by far the most small business exporters in 2011, more than double the number of second-ranked Quebec.

There is considerable regional variation in the export intensity (that is, the average value of exports per exporter) of small businesses. In 2011, the Canadian average value of exports per small business exporter was $3.5 million. Only the Prairies, at $11.5 million in exports per firm, exceeded the Canadian average. Although the Prairies were home to 5,972 small businesses that exported goods, representing less than 17 per cent of Canadian small business exporters, the region was the origin of 54 per cent of all Canadian small business exports ($68.4 billion). A possible explanation for this concentration of exports in the Prairies is that Alberta oil and gas producers are hiring small firms in the finance and insurance sector to deal with exporting their products.[7] Given that oil and gas comprise over half the value of exports from the Prairies, this activity would explain the relatively high export intensity in that region.

British Columbia had the next highest export intensity with 5,567 businesses exporting $12.2 billion worth of goods, working out to an average of $2.2 million in exports per small business exporter. The other regions were clustered together with respect to export intensity. Ontario and Quebec small exporters exported an average of $1.9 million each, while those in Atlantic Canada shipped around $1.8 million per exporter.

FIGURE 5.5

EXPORT INTENSITY FOR SMALL BUSINESSES BY PROVINCE, 2011



TECHNICAL NOTES

All statistics presented in this document are based on the best data currently available. A comprehensive listing of all businesses operating in British Columbia or elsewhere does not exist; therefore, business counts must be estimated to some extent. BC Stats has combined data from several sources to produce estimates of the total number of large and small businesses operating in British Columbia and other provinces, as well as the employment and payrolls generated by these businesses.

The results may differ from estimates produced in other studies using different data and different methodologies. Differences potentially will be more in terms of absolute numbers, rather than the direction of trends or the relative standing of British Columbia compared with other provinces. This edition of the *Small Business Profile* incorporates statistical revisions, such that year-over-year comparisons should not be made using previous editions.

Data Sources

Estimates of the number of businesses have been produced using data from Statistics Canada's *Business Register* and *Labour Force Survey*. Estimates of employment and payrolls have been produced using Statistics Canada's *Survey of Employment, Payrolls and Hours* and *Labour Force Survey*. All self-employment numbers have been obtained directly from the *Labour Force Survey*. Data describing small business exporters are derived from Statistics Canada's *Exporter Registry*.

Prepared by:

Jade Norton, BC Stats
Dan Schrier, BC Stats
Chad Stroomer, BC Stats

APPENDICES

APPENDIX 1

COUNTS OF BUSINESSES WITH EMPLOYEES BY INDUSTRY BY REGION

							2007-2012 Change	
BRITISH COLUMBIA	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**#**	**%**
Mining, Oil & Gas	955	1,000	1,054	1,074	985	1,121	166	17.4%
Other Primary	6,930	6,802	6,558	6,399	6,749	7,085	155	2.2%
Utilities	204	183	180	186	187	197	-7	-3.4%
Construction	19,333	20,610	20,741	20,792	20,580	20,676	1,343	6.9%
Manufacturing	7,154	7,096	6,959	6,803	6,490	6,500	-654	-9.1%
Transportation & Storage	7,324	7,440	7,318	7,082	6,993	7,198	-126	-1.7%
Trade	29,676	29,879	29,434	29,024	28,701	28,758	-918	-3.1%
Finance, Insurance & Real Estate	13,701	13,990	14,247	14,579	14,738	16,876	3,175	23.2%
Health & Education	16,343	16,404	17,046	17,336	17,350	17,482	1,139	7.0%
Public Administration	423	445	446	669	665	658	235	55.6%
Professional & Business Serv.	31,376	32,008	32,574	32,601	32,102	32,372	996	3.2%
Other Services	32,126	32,175	32,690	32,643	31,615	30,139	-1,987	-6.2%
Total	**165,545**	**168,032**	**169,247**	**169,188**	**167,155**	**169,062**	**3,517**	**2.1%**
High Tech	8,289	8,458	8,555	8,552	8,462	8,619	330	4.0%
Tourism	15,463	15,546	15,483	15,661	15,509	15,942	479	3.1%
Secondary Manufacturing	6,188	6,130	6,027	5,884	5,659	5,671	-517	-8.4%

							2007-2012 Change	
VANCOUVER ISLAND/COAST	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**#**	**%**
Mining, Oil & Gas	47	47	54	49	47	52	5	10.6%
Other Primary	1,115	1,100	1,051	1,046	1,141	1,233	118	10.6%
Utilities	37	30	30	30	33	35	-2	-5.4%
Construction	3,478	3,763	3,733	3,782	3,742	3,630	152	4.4%
Manufacturing	1,041	1,018	1,025	988	940	909	-132	-12.7%
Transportation & Storage	981	1,003	972	945	925	896	-85	-8.7%
Trade	4,719	4,797	4,732	4,711	4,634	4,599	-120	-2.5%
Finance, Insurance & Real Estate	2,102	2,189	2,273	2,269	2,299	2,606	504	24.0%
Health & Education	3,231	3,282	3,425	3,486	3,461	3,439	208	6.4%
Public Administration	140	157	156	332	324	327	187	133.6%
Professional & Business Serv.	4,955	5,119	5,276	5,292	5,155	5,030	75	1.5%
Other Services	4,830	4,970	5,126	5,119	4,982	4,882	52	1.1%
Total	**26,676**	**27,475**	**27,853**	**28,049**	**27,683**	**27,638**	**962**	**3.6%**
High Tech	1,382	1,413	1,441	1,434	1,396	1,394	12	0.9%
Tourism	2,681	2,739	2,772	2,797	2,731	2,786	105	3.9%
Secondary Manufacturing	863	845	852	826	797	766	-97	-11.2%

MAINLAND/SOUTHWEST	2007	2008	2009	2010	2011	2012	2007-2012 Change #	2007-2012 Change %
Mining, Oil & Gas	380	397	434	466	437	506	126	33.2%
Other Primary	2,167	2,241	2,241	2,261	2,367	2,523	356	16.4%
Utilities	69	62	59	68	67	66	-3	-4.3%
Construction	10,098	10,776	10,985	11,052	11,054	11,223	1,125	11.1%
Manufacturing	4,532	4,505	4,379	4,301	4,109	4,153	-379	-8.4%
Transportation & Storage	3,893	4,011	4,015	3,891	3,847	4,034	141	3.6%
Trade	17,928	18,055	17,732	17,390	17,153	17,339	-589	-3.3%
Finance, Insurance & Real Estate	8,616	8,870	8,964	9,310	9,371	10,800	2,184	25.3%
Health & Education	9,397	9,497	9,904	10,108	10,113	10,256	859	9.1%
Public Administration	99	107	110	128	128	131	32	32.3%
Professional & Business Serv.	20,531	20,978	21,309	21,372	21,028	21,423	892	4.3%
Other Services	19,752	19,679	20,034	19,978	19,184	17,816	-1,936	-9.8%
Total	**97,462**	**99,178**	**100,166**	**100,325**	**98,858**	**100,270**	**2,808**	**2.9%**
High Tech	5,539	5,693	5,726	5,758	5,677	5,794	255	4.6%
Tourism	8,653	8,671	8,666	8,789	8,763	9,087	434	5.0%
Secondary Manufacturing	4,090	4,061	3,956	3,873	3,728	3,766	-324	-7.9%

THOMPSON-OKANAGAN	2007	2008	2009	2010	2011	2012	2007-2012 Change #	2007-2012 Change %
Mining, Oil & Gas	83	100	102	99	95	114	31	37.3%
Other Primary	1,481	1,472	1,456	1,415	1,468	1,523	42	2.8%
Utilities	44	38	38	38	36	42	-2	-4.5%
Construction	3,182	3,460	3,444	3,309	3,161	3,153	-29	-0.9%
Manufacturing	910	923	901	895	848	863	-47	-5.2%
Transportation & Storage	873	887	869	844	802	847	-26	-3.0%
Trade	3,624	3,706	3,674	3,654	3,578	3,587	-37	-1.0%
Finance, Insurance & Real Estate	1,698	1,714	1,753	1,746	1,753	1,982	284	16.7%
Health & Education	2,002	2,014	2,080	2,110	2,114	2,138	136	6.8%
Public Administration	61	68	69	84	79	77	16	26.2%
Professional & Business Serv.	3,154	3,269	3,364	3,317	3,266	3,335	181	5.7%
Other Services	3,587	3,683	3,669	3,698	3,608	3,693	106	3.0%
Total	**20,699**	**21,334**	**21,419**	**21,209**	**20,808**	**21,354**	**655**	**3.2%**
High Tech	681	699	729	722	717	758	77	11.3%
Tourism	1,938	2,002	1,940	1,965	1,891	1,990	52	2.7%
Secondary Manufacturing	745	747	728	707	668	690	-55	-7.4%

Data by self-employment by industry is only available at a geographically aggregated level and cannot be calculated for non-standard industries, such as high-technology and tourism. Therefore, it is not included in this report. Please contact the Industry Analysis for Business unit for more information.

KOOTENAY	2007	2008	2009	2010	2011	2012	2007-2012 Change #	2007-2012 Change %
Mining, Oil & Gas	44	49	48	41	40	40	-4	-9.1%
Other Primary	403	378	349	339	355	384	-19	-4.7%
Utilities	22	23	23	21	21	21	-1	-4.5%
Construction	797	836	827	928	903	901	104	13.0%
Manufacturing	208	221	222	233	220	214	6	2.9%
Transportation & Storage	291	301	279	272	269	269	-22	-7.6%
Trade	1,029	1,037	1,029	1,082	1,082	1,052	23	2.2%
Finance, Insurance & Real Estate	397	397	419	453	444	517	120	30.2%
Health & Education	497	488	516	553	552	549	52	10.5%
Public Administration	33	38	37	51	46	46	13	39.4%
Professional & Business Serv.	777	772	784	841	829	794	17	2.2%
Other Services	1,201	1,229	1,240	1,280	1,265	1,269	68	5.7%
Total	**5,699**	**5,769**	**5,773**	**6,094**	**6,026**	**6,056**	**357**	**6.3%**
High Tech	199	191	195	196	201	201	2	1.0%
Tourism	742	763	766	783	770	768	26	3.5%
Secondary Manufacturing	159	164	170	179	170	167	8	5.0%

CARIBOO	2007	2008	2009	2010	2011	2012	2007-2012 Change #	2007-2012 Change %
Mining, Oil & Gas	20	21	25	25	26	30	10	50.0%
Other Primary	741	725	646	607	628	643	-98	-13.2%
Utilities	9	8	8	7	7	9	0	0.0%
Construction	702	744	760	758	723	761	59	8.4%
Manufacturing	234	242	241	211	200	190	-44	-18.8%
Transportation & Storage	482	487	468	450	432	440	-42	-8.7%
Trade	1,076	1,077	1,096	1,064	1,065	1,070	-6	-0.6%
Finance, Insurance & Real Estate	379	389	417	394	409	475	96	25.3%
Health & Education	543	544	559	560	571	568	25	4.6%
Public Administration	22	26	26	24	25	28	6	27.3%
Professional & Business Serv.	778	800	808	788	784	752	-26	-3.3%
Other Services	1,144	1,156	1,195	1,124	1,090	1,078	-66	-5.8%
Total	**6,130**	**6,219**	**6,249**	**6,012**	**5,960**	**6,044**	**-86**	**-1.4%**
High Tech	167	168	161	151	163	155	-12	-7.2%
Tourism	594	605	616	598	587	573	-21	-3.5%
Secondary Manufacturing	174	184	181	166	162	156	-18	-10.3%

NORTH COAST & NECHAKO	2007	2008	2009	2010	2011	2012	2007-2012 Change #	2007-2012 Change %
Mining, Oil & Gas	15	22	22	26	30	32	17	113.3%
Other Primary	591	562	513	475	497	503	-88	-14.9%
Utilities	12	11	11	11	12	11	-1	-8.3%
Construction	387	400	401	401	415	420	33	8.5%
Manufacturing	123	113	108	105	101	96	-27	-22.0%
Transportation & Storage	285	295	276	263	261	252	-33	-11.6%
Trade	628	627	610	611	598	586	-42	-6.7%
Finance, Insurance & Real Estate	211	209	212	209	208	254	43	20.4%
Health & Education	313	303	297	291	291	292	-21	-6.7%
Public Administration	39	42	42	42	42	41	2	5.1%
Professional & Business Serv.	454	461	459	447	425	446	-8	-1.8%
Other Services	695	710	708	729	717	684	-11	-1.6%
Total	**3,753**	**3,755**	**3,659**	**3,610**	**3,597**	**3,617**	**-136**	**-3.6%**
High Tech	104	99	98	100	101	105	1	1.0%
Tourism	451	458	449	461	459	454	3	0.7%
Secondary Manufacturing	77	69	70	71	71	62	-15	-19.5%

NORTHEAST	2007	2008	2009	2010	2011	2012	2007-2012 Change #	2007-2012 Change %
Mining, Oil & Gas	114	123	117	112	114	106	-8	-7.0%
Other Primary	393	377	341	346	348	376	-17	-4.3%
Utilities	6	6	5	7	7	7	1	16.7%
Construction	60	61	55	50	50	54	-6	-10.0%
Manufacturing	611	594	567	551	551	582	-29	-4.7%
Transportation & Storage	187	179	166	166	176	184	-3	-1.6%
Trade	461	449	446	440	429	459	-2	-0.4%
Finance, Insurance & Real Estate	506	514	510	527	520	537	31	6.1%
Health & Education	392	410	418	421	413	428	36	9.2%
Public Administration	50	51	46	45	50	51	1	2.0%
Professional & Business Serv.	402	387	389	394	396	420	18	4.5%
Other Services	694	697	692	666	606	658	-36	-5.2%
Total	**3,876**	**3,848**	**3,752**	**3,725**	**3,660**	**3,862**	**-14**	**-0.4%**
High Tech	180	173	185	185	187	202	22	12.2%
Tourism	286	272	252	244	253	266	-20	-7.0%
Secondary Manufacturing	54	53	62	58	53	55	1	1.9%

Figures do not add to the total because the provincial total includes some businesses for which the region is unknown.

Source: BC Stats using data supplied by Statistics Canada.

APPENDIX 2

BRITISH COLUMBIA SELF-EMPLOYMENT BY AGE AND GENDER (THOUSANDS)

Sex	Age	2007	2008	2009	2010	2011	2012	Growth 2007-2012
Both Sexes	**15 years and Over**	**420.9**	**422.7**	**439.2**	**432.3**	**421.5**	**418.6**	**-0.5%**
	15 - 24 years	14.2	11.5	13.0	13.1	12.9	11.7	-17.6%
	25 - 34 years	58.4	60.1	59.4	59.7	56.2	54.2	-7.2%
	35 - 44 years	104.7	103.3	108.1	96.5	90.0	86.9	-17.0%
	45 - 54 years	127.7	131.1	135.5	127.4	126.2	127.6	-0.1%
	55 - 64 years	87.9	85.1	93.6	96.2	99.4	98.7	12.3%
	65 years and Over	28.0	31.5	29.7	39.5	36.7	39.5	41.1%
Male	**15 years and Over**	**268.9**	**275.3**	**284.7**	**274.8**	**263.3**	**261.5**	**-2.8%**
	15 - 24 years	8.7	6.8	7.4	6.3	6.7	6.8	-21.8%
	25 - 34 years	34.4	37.4	38.4	38.8	33.1	33.3	-3.2%
	35 - 44 years	65.7	65.7	68.9	60.6	54.1	54.9	-16.4%
	45 - 54 years	83.0	85.7	86.9	79.8	80.4	77.9	-6.1%
	55 - 64 years	58.3	56.5	61.3	60.6	62.8	61.5	5.5%
	65 years and Over	18.8	23.1	21.7	28.7	26.1	27.0	43.6%
Female	**15 years and Over**	**152.0**	**147.4**	**154.6**	**157.5**	**158.2**	**157.1**	**3.4%**
	15 - 24 years	5.5	4.7	5.5	6.8	6.2	4.9	-10.9%
	25 - 34 years	24.0	22.7	21.0	20.9	23.1	20.9	-12.9%
	35 - 44 years	38.9	37.6	39.1	35.9	35.9	32.0	-17.7%
	45 - 54 years	44.7	45.4	48.6	47.6	45.8	49.8	11.4%
	55 - 64 years	29.6	28.5	32.3	35.6	36.5	37.2	25.7%
	65 years and Over	9.2	8.5	8.0	10.7	10.6	12.5	35.9%

Note: Includes unpaid family workers

Source: Statistics Canada

Ministry of Jobs, Tourism and Skills Training
Small Business Branch
Box 9822 Stn Prov Govt
Victoria, BC V8W 9N3
p. 250.387.4699 | f. 250.925.0113
www.gov.bc.ca/jtst

BC Stats
553 Superior St., Box 9410 Stn Prov Govt
Victoria, BC V8W 9V1
p. 250.387.0327 | f. 250.387.0380
www.bcstats.gov.bc.ca
BC.Stats@gov.bc.ca
Twitter: @BCStats

Aboriginal Business Service Network
Business information and resources for Aboriginal entrepreneurs
1.250.828.9833
www.absn.ca

BizPaL Business Permits and Licences
Online tool to quickly and easily identify permit and licensing requirements for business activities
bizpal@gov.bc.ca
www.bcbizpal.ca

Canada Business
The Government of Canada's main site for business information
1.888.576.4444
www.canadabusiness.ca/eng/

Community Futures British Columbia
Business counselling and assistance for new and existing businesses in rural British Columbia
1.604.685.2332
www.communityfutures.ca/index.html

FrontCounter BC
Single window service for clients of provincial natural resource ministries and agencies to obtain information and authorizations needed to start or expand a business
1.877.855.3222
www.frontcounterbc.gov.bc.ca

La Société de développement économique
The Francophone Economic Development Organization enhances the vitality of minority language communities and assists with economic development
1.877.732.3534
www.sdecb.com

OneStop Business Registry
Online business registration and change of business address
1.877.822.6727
www.bcbusinessregistry.ca

ServiceBC
Province wide access to government services including key government transactions for business
1.800.663.7867 (Enquiry BC) to be transferred to the nearest Service BC Contact Centre
www.servicebc.gov.bc.ca

Small Business BC
Comprehensive business information and business planning resources for starting and growing a business in British Columbia
1.800.667.2272
www.smallbusinessbc.ca

Tradestart
Business information on becoming export ready
1.866.926.5545
www.tradestart.ca

Women's Enterprise Centre
Business information counselling and skills training for women entrepreneurs
1.800.643.7014
www.womensenterprise.ca

Western Economic Diversification Canada
Western Economic Diversification Canada works to strengthen western innovation, business development, and community economic development
1.888.338.9378
www.wd.gc.ca

BRITISH COLUMBIA | Ministry of Jobs, Tourism and Skills Training

BRITISH COLUMBIA | BC Stats